

**Statement**

**Honorable Thomas F. Hall  
Assistant Secretary Of Defense For  
Reserve Affairs**

**Before the**

**Commission on the National Guard and Reserves**

**“Changes in Reserve Component Forces”**

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# Honorable Thomas F. Hall

## Assistant Secretary of Defense for Reserve Affairs

Secretary Thomas F. Hall, a native of Barnsdall, Oklahoma, was sworn in as the fourth Assistant Secretary of Defense for Reserve Affairs on October 9, 2002. A Presidential appointee confirmed by the Senate, he serves as the principal staff assistant to the Secretary of Defense on all matters involving the 1.2 million members of the Reserve Components of the United States Armed Forces. He is responsible for overall supervision of Reserve Component affairs of the Department of Defense.



Secretary Hall is a retired two-star Rear Admiral having served almost 34 years of continuous active duty in the United States Navy. He is a distinguished and decorated Naval Aviator, who served a combat tour in Vietnam. He has performed in numerous high level staff, command, and NATO positions during his career. He commanded Patrol Squadron EIGHT, Naval Air Station Bermuda, and the Iceland Defense Force. His final military assignment was as the Commander/Director/Chief of Naval Reserve. His military awards include the Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit, Air Medal, and various other personal and unit decorations. He was awarded the Order of the Falcon, with Commander's Cross, by the President of Iceland in recognition of his accomplishments and service as Commander Iceland Defense Force. In 2000, he was given the International Partnership Award for his service to the United States and Iceland. He has been inducted into the Oklahoma Military Hall of Fame. In 2003, he was given the National Service Award for Leadership by the Federal Law Enforcement Foundation. In 2004, he was given the National Citizenship Award by the Military Chaplains Association of the United States. In 2005, he was given the Admiral Jackson Award by the Reserve Officers Association. In 2006, Secretary Hall was inducted into the Reserve Officers Association Minuteman Hall of Fame. Also in 2006, he was awarded the Department of Defense Medal for Distinguished Public Service, for his outstanding performance as the Chief Negotiator heading an interagency team involved in delicate bi-lateral discussions.

Secretary Hall attended Oklahoma State University for one year before entering the United States Naval Academy in Annapolis, Maryland. In 1963, he graduated from the Academy with a bachelor's degree in Engineering and was named as one of the top 25 leaders in his class, having commanded both the top Battalion and Company. He was, also, awarded the Brigade Intramural Sports Trophy. In 1971, he received a master's degree in Public Personnel Management from George Washington University. He graduated with highest distinction from the Naval War College; with distinction, from the National War College; and from the National Security Course at Harvard University. He was selected as a Fellow and served on the Chief of Naval Operations Strategic Studies Group.

Secretary Hall has served on the Boards of Directors of numerous nonprofit organizations that are supporting the needs of our veterans and citizens in general. Prior to returning to government service, Secretary Hall served as the Executive Director of the Naval Reserve Association for six years. The Naval Reserve Association is a 501 (c) (3) nonprofit veterans' organization that represents over 23,000 Naval Reserve officers, members, and their families.

Secretary Hall is married to the former Barbara Norman of Jacksonville, Florida. They have one son, Thomas David Hall.



Chairman Punaro and members of the Commission: thank you for the invitation to offer my perspective on the status and ability of America's Reserve component forces to meet current and future operational requirements; as well as the efforts we've made and are still making toward an "Operational Reserve." Your invitation letter asked me to cover several salient points and I will give you the Department's position on those areas.

First, you asked what changes are under consideration or implemented to "transform the Reserve components." The efforts are Service specific as follows:

The Air Force transformation is primarily related to the way we provide a range of capabilities to the warfighter and is mostly technology focused. The Air Force will reduce combat airframes, pilots, and crews while increasing Joint enablers and ground support units. Predictability and prudent and judicious use are achieved through the use of rotating Air/Space Expeditionary Force packages. To play its part in these transformations in support of the Nation and the Joint Commander, the Air Force is pursuing the following transformation strategy:

- Enhance joint and coalition warfighting
- Restructure organizations to improve support to the Combatant Commanders and reduce manpower
- Shift from threat-based to capabilities-based planning and programming
- Develop "transformational" capabilities that the Air Force cannot achieve today or must be significantly improved to address evolving challenges
- Vastly improve efficiency

- Divest older equipment that is expensive to operate and maintain that no longer can address current and emerging threats

Specifically, the Air Force is pursuing technologies that it believes could engender new operational concepts, to dominate air, space and cyberspace. These include high performance stealthy aircraft (the F-22 and Joint Strike Fighter (JSF)), unmanned combat aerial vehicles (UCAVs), directed energy weapons (such as the airborne laser), miniaturized munitions, and advanced command, control, communications, computers and intelligence (C4I). The Air Force's space-related programs are in varying states of maturity, and include space-based radars, micro-satellites, missile defense, and space operations vehicles. Air Force efforts in the area of cyberspace include computer network attack, computer network defense, and information assurance activities. Both space and cyberspace capabilities are expected to become increasingly important as the Air Force and the other services leverage U.S. information technology assets in numerous warfighting applications.

Concurrent with technological transformation, the Air Force is implementing Total Force Integration which will increase combat capabilities. Total Force Integration advances new organizational constructs to better employ all of its components, Active Duty, Air National Guard and Air Force Reserve in new and critical missions while divesting older weapon systems. This is a long-term effort to promote operational and warfighting efficiency, leverage component strengths and offer more flexibility, stability and increased career opportunities.

Overall transformation efforts in the Navy are primarily due to manpower reductions from ship decommissioning and base closures and training savings. In 2006, the Navy shifted from this platform-based manpower determination approach to a capability-based personnel management. Based on extensive analysis of the current and future warfighting needs, the Navy forecasted that the Active component (AC) manpower required to provide the necessary capabilities is approximately 322,000 for a force structure of 313 ships and approximately 3,800 aircraft. The Navy is planning to stabilize the Navy AC workforce around 322,000 by FY13. As the Navy moves toward an AC workforce of approximately 322,000 in FY13, it will decrease AC strength by approximately 14 percent between 2003 and 2008. The Naval Reserve authorized End Strength is 71,300 and will stabilize in FY13 to 68,000. Reserve decreases are primarily the result of the Reserve Zero Based Review that examined all reserve missions and determined which missions supported Navy requirements and were executable by the reserves. Reserve capabilities are being realigned to support Active Reserve Integration (ARI) to improve Navy total Force Capability. ARI aligns active and reserve component units to achieve unity of command. It leverages both budgetary and administrative efficiencies, and ensures that the full weight for the Navy resources and capabilities are under the authority of a single commander. Navy Reservists are aligned and fully integrated into their AC supported commands, and often conduct ‘flex-drilling,’ putting multiple drill periods together to provide longer periods of availability when requested. This flexibility enables the Reserve Sailors to better balance the schedules and demands

of their civilian employers and families while achieving a greater technical proficiency, more cohesive units and increased readiness.

The Marine Corps transformational efforts focused on the Corps ability to meet Global War on Terror requirements, and to rebalance the force in order to reduce stress on the force. Marine Corps Special Operations Command represents a continued effort on the part of the Marine Corps to continually monitor and adjust its force structure to address emerging capability requirements. In addition, planned new technologies and platforms such as the MV-22 Osprey, the Advanced Amphibious Assault Vehicle, and the Navy's amphibious landing assault ship LPD-17, will provide dramatic mobility improvements in the near term. In the longer term, the F-35 joint Strike fighter, the DD(X) destroyer and future prepositioning logistics ships will combine with the command and control architecture of ForceNet to provide the robust sea basing envisioned in Expeditionary Maneuver Warfare. The Marine Corps remains committed to proactively adjusting its force structure and skill base in order to ensure that we can prosecute the nation's battles today and in the future.

Recommendations from the Force Structure Review Group calls for approximately 15,000 force structure changes to meet total force demands of the war on terror and emergent requirements. One recommendation would assign a secondary civil military operations (CMO) mission to the Corps' artillery regiments and battalions. This newly assigned mission will allow greater interoperability between force and division-level units. The USMCR is adapting capabilities toward reinforcing high-demand, low-density units; such as a Tank Battalion becoming an Anti-Terrorism Battalion; also, realigning



aviation assets to transform to two Tactical Air Command Centers, one on each coast. In addition, the deactivation of Marine Augmentation Command Elements and realigning the structure to support the Marine Expeditionary Force (MEF) giving him more flexibility to meet emerging needs and requirements. The Marine Corps remains committed to proactively adjusting its force structure and skill base in order to ensure that we can prosecute the nation's battles today and in the future.

Army transformation is centered on "Modularization". The foundation of Army modularity is the creation of Brigade Combat Teams (BCTs) that will have a common design and will increase the pool of available units for deployment. The Army believes that the modular force design of a self-contained brigade-based organization with full spectrum capabilities will make the force more agile and deployable for expeditionary requirements. Not only does the Army expect to produce more combat brigades after its restructuring, it believes the brigades will be capable of independent action by the introduction of key enablers, such as enhanced military communications, and by embedding various combat support capabilities (multi-functional support brigades) in the brigade itself instead of at a higher echelon of command. The Guard and Reserve will convert to the same unit structures as the Active component.

Army BCT transformation timeline:

- For AC Heavy/Infantry BCTs - approximately 12 months.
- For AC Stryker BCTs - approximately 24 months.
- For all Reserve Component BCTs/Support Brigades - approximately 36 to 48 months.

## **ARNG BCTs**

- The Army National Guard transforms to 28 BCTs.
- In FY06, 16 units are converting to modular designs. However, transformation will not be complete for 7 of those until FY09; the other 9 will be transformed and available by FY10.
- Another 9 units have begun transformation in FY07; 3 more units transform in FY08 - FY12.
- By FY12, all 28 BCTs will be transformed and available in the Army Force Generation (ARFORGEN) model.

## **Multi-Functional Support Brigades (ARNG)**

The Army National Guard transforms to 46.

- 21 units have transformed.
- 2 units have begun transformation in FY07.
- 23 additional units complete by FY13.

## **Multi-Functional Support Brigades (USAR).**

The U.S. Army Reserve transforms to 11.

- 3 units have transformed.
- 2 units have begun transformation in FY07.
- 6 additional units complete by FY13.

## **Functional Support Brigades (ARNG).**

The Army National Guard transforms to 32.

- 19 units have transformed.

- 6 units have begun transformation in FY07.
- 7 additional units complete by FY11.

### **Functional Support Brigades (USAR).**

The U.S. Army Reserve transforms to 47.

- 33 units have transformed.
- 14 additional units complete by FY13.

Second, you asked what we're doing to reduce stress on our Reserve components.

The Department of Defense (DoD) is currently undergoing transformation to a more responsive, lethal and agile force based on capabilities rather than threats. As transformation progresses, it has become evident that the balance of capabilities in the Active and Reserve components is not the best for the future. Simply, there is a need for rebalancing to improve the responsiveness of the force and to help ease stress on units and individuals with skills in high demand.

The Services have planned and are executing numerous rebalancing actions in both the Active and Reserve components to reduce stress on the force.

The Secretary of Defense issued force rebalancing planning guidance in a 9 July 2003 memorandum, *Rebalancing Forces*. In the 9 July 2003 memo, rebalancing was defined to include low demand structure as well as multiple initiatives such as mil-to-mil conversions, technology insertions and organization of forces. The Services rebalanced about 20,000 spaces both within and between the Active and Reserve Components in FY03, approximately 20,000 military spaces during FY04 and 30,000 spaces in FY05.

In FY06 (POST QDR), the definition of rebalancing was refined and updated to reflect solely the addition of structure (spaces) from low demand to high demand on “stressed” capability areas. The Services have executed rebalancing of about 89,000 spaces from FY03-06 and an additional 37,000 spaces are programmed from FY07-12 for a total of approximately 126,000 spaces.

Third, you asked what transformational changes are occurring to make the operational reserve a sustainable force for the long war and beyond.

Since the end of the Cold War, and especially in the aftermath of 9/11, the Reserve components have evolved from being a strategic reserve – forces to be mobilized for a major war or national emergency -- to an operational reserve – forces that regularly support the operations of the active duty military at home and abroad. The reality is that the operational reserve model is here to stay. Demand for the total force is likely to remain high (even if not as high as today) and budget realities will continue to be a challenge in the near term. These transformational changes are now being reflected in how reserve forces are being organized, trained, equipped, and funded through major initiatives such as modular conversions and other restructuring initiatives.

DoD is also continuing to rebalance the mix of U.S. military capabilities for 21st century missions. This process is underway along three parallel efforts: First, the Reserve Component and the Active components are converting units that are in low demand in the new security environment into unit types that are in high demand in order to reduce the most acute strains on the total force. Second, we are rebalancing the mix of

capabilities in the Active and Reserve components while creating more stable and predictable schedules for deployment. For example, in the previous defense strategy, the reserves became the repository for many capabilities that would have been needed only in the later phase of a conflict under the two-major-theater-war strategy. However, in the day-to-day reality of the current strategic environment, some of these capabilities (i.e. Civil Affairs, Security Forces, Public Affairs and the intelligence community) are in high demand. Simply, the end state of the process (FY12) will be a fully manned force with comparable structure and capabilities balanced between the active and reserve components. Third, we are taking maximum advantage of technology and services offered by the private sector to make the best use of our military personnel.

The department has also been working to re-engineer mobilization and demobilization policies, practices and procedures to support an operational reserve. One policy that supports the transition to the Operational Reserve is how the total force is utilized. Prior to 19 January 2007, our personnel policies stated those called to involuntary active duty under the current partial mobilization authority shall serve no more than 24 cumulative months on active duty. Great care was taken to ensure no individual was kept beyond that. Additionally, the department worked to ensure no individual was involuntarily mobilized for a second time without close scrutiny. This did not lend itself to an operational reserve, rather a “one time use” mentality. After 19 January 2007, based on the signing of the Secretary of Defense Memorandum, “Utilization of the Total Force”, the department now is mobilizing units and members of the Reserve Forces for a maximum of one year at any one time. Additionally,

mobilizations will be managed on a unit basis and the planning objective for Reserve Forces is one year mobilized to five years demobilized. This supports the operational reserve construct of Reserve Forces being utilized in a predictable rotational methodology.

Develop new constructs for RC training - DoD has been and continues to work closely with the Reserve Components to leverage DoD Training Transformation to reduce post-mobilization training time and to improve the readiness of Guard and Reserve soldiers and units by; training prior to mobilizing and using mobilization for specific unit training. This includes particular emphasis on leveraging Advanced Distributed Learning (ADL) technologies to enable soldiers to complete on-line individual training and theater specific training tasks associated with mobilization.

Lastly, the Department's continuum of service effort with both legislative changes and policy changes has been ongoing since the publishing of the FY01 QDR report "Reserve Component Contributions to National Defense" in December 2002. Efforts have been focused on removing barriers to Total Force integration, enhancing Reserve component utilization, and supporting force transformational initiatives. Legislatively, DoD led with a number of initiatives such as: simplifying manpower management rules; streamlining personnel rules to provide seamless transitions; tailoring compensation and establishing sliding scale benefits; and proposing new affiliation programs. Policy changes within the Department implemented to support a continuum of service include:

Direct Entry Individual Ready Reserve (IRR); the Sponsored Reserve; and Variable Participation of Reservists at the Unit Level (VPR-U).

Fourth, you asked if these transformational changes support the long-term vision of an operational reserve described in concepts such as the ARFORGEN Model. The answer is yes, transformation of the military forces is a central undertaking of the Department of Defense. An important aspect of transformation is the (ARFORGEN Model, a total Army process that directly correlates to creating an operational reserve. ARFORGEN uses resources (people, equipment and training) to generate forces (“modular” combat-ready units) for current and more importantly anticipated demands of the combatant commanders. In particular, this model has incorporated training and mobilization requirements to meet the challenges and to respond to a rapidly changing security environment. These along with rebalancing initiatives to enhance capabilities will ultimately reduce the stress on the force

### **Training.**

The Army Training Strategy supports ARFORGEN. Both the ARNG and USAR have developed their own training strategies, which are nested as subcomponents in the Army Strategy. These strategies are flexible and adaptable to conform to the commander’s assessment of the mission, mobilization policies and regulations, available time and resources. Training under ARFORGEN is a “focused” progressive template that addresses individual and collective training requirements over time. Core training events and associated training days will vary based on the commander’s assessment of the assigned mission, required level of employment, available time and resources. This

training strategy is ideally suited to address the movement of many individual training tasks that are currently conducted as post-mobilization training. DoD's training transformation will further enhance those processes of addressing individual training in advance of mobilization through the use of Advanced Distributed Learning technologies offered through venues such as Joint Knowledge Online, where individual soldiers, sailors, airmen and marines will be able to complete selected individual training tasks in a networked environment.

Put simply, training for the ARNG and USAR in the ARFORGEN model is an evolving system that continually adapts and conforms to the commander's assessment of time, mission changes and available resources.

### **Mobilization.**

Reserve Component (RC) mobilization predictability will continue to require three primary characteristics. First, identify and source RC units and individuals for known operational requirements as far in advance as possible. Second provide RC units sufficient personnel authorizations to allow the RC commander to maintain personnel authorizations at wartime required strength in order to reduce cross-leveling requirements. Third, provide sufficient resources (schools, seats, versions of equipment to be used in deployment, required training funds, ammo and training areas, etc) in advance to facilitate progressive readiness increases in order to achieve deployable readiness levels on time and to standard.

Mobilization under ARFORGEN is currently still under review to identify aspects of the existing mobilization process that require change to support the ARFORGEN



process and the concept of operational reserve. However, the facts are that the mobilization execution process under ARFORGEN begins when a RC unit is sourced against a Deployment Expeditionary Force requirement and receives an Alert Order. Mobilization execution process under ARFORGEN ends with Validation (Final Mission Capable Assessment) and departure from Point of Embarkation. The demobilization process will remain relatively unchanged under ARFORGEN.

DoD recently enacted a policy to reduce involuntary mobilization for members of the Reserve forces to be a maximum of one year at any one time. The challenge for the Army now is to implement the new model of train-mobilize-deploy by providing increased resources to the RCs in the final 2 years of a unit's ARFORGEN cycle in order to reduce the post-mobilization, pre-deployment training period to a more reasonable period to maximize the "Boots on the Ground" (BOG) time during the mobilization period of 365 days. The Department has recognized the hardships endured by Service members who are away from their primary civilian employment and families for longer than one year.

Lastly, mobilization law and policy amendments require continuous assessment to adapt to ever changing needs of the global environment. The continued goal of DoD, and in particular, the Army is to balance requirements and capabilities to permit the Army to achieve its deployment planning goals: 1 in 3 (AC), 1 in 6 (ARNG/USAR).

Fifth, you asked about areas unaddressed by the Department that might affect the sustainability and utilization of the Reserve components that might be the basis for Commission recommendations. I believe that the escalating costs of personnel benefits

not requested by the Department will seriously impact our ability to sustain needed personnel benefits and divert funding from required readiness and modernization, to the potential detriment of critical force management objectives. I say this because increased benefits since 1999 divert funding from focused efforts to improve the quality of life of troops and families, as well as from critical readiness and modernization initiatives. We cannot continue to add expensive obligations to the defense budget without regard to cost or the effect on our programs.

In the area of healthcare costs, recent legislation allowing Reservists, regardless of their duty status, to enroll in coverage under TRICARE Standard, has an estimated cost to the Department of \$6.2 billion from FY07 through FY11. This provision shifts the cost of health care from voluntarily provided employment-based health care to DoD sponsored health care.

Other proposals would reduce the age at which Reservists can begin receiving retirement benefits. A Senate proposal (S. 648) would allow Reservists who deploy to receive retirement benefits prior to age 60, at an estimated cost to the Department of almost \$500 to \$600 million from FY08 through FY12, and a 10-year cost of \$1.1 to \$1.2 billion.

The current compensation package for deploying Reservists, including Reserve retirement, is fair and sufficient to maintain the retention needed in Reserve components. We asked RAND to assess the effect that the various reserve retirement proposals might have on force management. RAND found that the various retirement alternatives had no effect on active-duty retention nor changed the propensity of active duty personnel who

separate to join the Guard or Reserve. While RAND found that there was a modest increase in mid-career retention, this increase is more than offset by a decrease in the participation of older reservists who would be able to begin receiving retired pay at an earlier age. Thus, overall retention—measured by the expected years of service per accession—declines. This is counter to the recently enacted provision of law that raised the retirement age to 62.

Recent proposals in both the House (HR 1428) and the Senate (S-648) bills would require the Department to provide certain mobilized Reservists the difference between their civilian salary and their military pay. This proposal is estimated to cost the Department almost \$300 million through FY11. Such proposals would have a negative effect on morale and unit cohesion because activated Reservists would earn more than other active duty personnel of the same rank.

Finally, your letter stated, “As the Reserve forces were activated for the wars in Afghanistan and Iraq, Secretary Rumsfeld directed the Services to initiate reforms, including rebalancing active and reserve component structure and increasing reliance on volunteerism to fill mobilization requirements. Your office has been the focal point for such changes in the department. We are interested in hearing your assessment of these changes and their effects.”

As we initiated our military response to the September 11, 2001 attacks on our nation, two points were clear to us: 1) that our response would be a long duration effort, and 2) that our Reserve forces would be an integral and essential part of that response. Our plans, policies, and guidance were developed and implemented considering those

two points. Though we would have hoped otherwise, both of those points have proven correct. I believe our consideration of those points has served our nation, our military, our Reserve members, including their families and employers, well.

There is no doubt that the long duration response has put a stress on our military forces, and to help relieve that stress multiple mitigation actions have been undertaken with success. Perhaps the most important of all the actions taken to help reduce the stress on the force has been the rebalancing effort. Its purpose has been to adjust the force to be responsive and produce the capabilities needed in balanced portfolios across all components. Rebalancing has improved responsiveness and eased stress on units and individuals by building up capabilities in specific high-demand units and skills. This has been accomplished by decreasing capabilities in both the Active and Reserve components that are in lesser demand, and increasing them in areas of higher demand, changing lower priority structure to higher priority structure, and producing a new Active Component/Reserve component mix. This rebalancing effort has helped limit involuntary mobilizations to achieve a reasonable and sustainable rate. The force structure planning goal is to limit the involuntary mobilization of individual Reservists to one year out of every six. As I stated earlier, about 89,000 billets have been rebalanced to date, but we are not yet finished. Another 37,000 actions are projected over the next few years a total of 126,000.

Another critical action has been implementing the continuum of service initiative to preserve the nature of the “citizen soldier” while still allowing us to meet operational requirements. Predictability and reasonable limits on frequency and duration of

mobilization have been key elements of our policies, which are designed to not only support Reservists, but also sustain the support of employers and families, and ultimately enable the components to meet recruitment and retention objectives. Similarly, the emphasis on volunteerism has been designed to allow service members who want to contribute more to defense missions to do so. Under the old rules, end strength and controlled grade accounting, and promotion requirements to compete against active duty personnel suppressed the number of volunteers and limited the length of their duty. Reservists were reluctant to volunteer for extended periods of active duty. However, we have implemented the new “operational support” accounting category (authorized in Sections 415 and 416 of the FY 2005 Authorization Act) which has significantly tempered these barriers and provided greater flexibility in Reserve usage. This is a significant supporting element of the continuum of service initiative.

Other mitigating actions undertaken have included: the creation and use of provisional units—drawing upon underutilized skills to meet current mission requirements; a DoD initiative to draw from skill sets in other components and Services—the joint solution; compensation programs to help maximize the use of volunteers; and, civilianization of certain military positions in the infrastructure allowing military members to be moved to the operational force. We are also balancing the use of volunteers from the Selected Reserve with pending unit deployments and the need for unit cohesion. In this area, use of the Individual Ready Reserve (IRR) and, in some cases retiree volunteers, can be a great resource.

The efforts we have undertaken have helped spread mission requirements across the force; develop reasonable service requirements; establish proper expectations of military duty frequency and duration, and predictability. They have helped relieve stress on the force. But most of all, we have set about the course to develop, resource, and field an “Operational Reserve,” by achieving the following:

- Very High Levels of RC Mobilization: Since September 11, 2001, over 575,000 Reserve members have been mobilized.
- Very High Levels of RC Support: From 2001 to 2006, Reserve members have provided an annual average contribution of more than 164,000 man-years to mobilizations and other military operations.
- High RC End Strength Achievement. Although RC end strength did have two years of decline in FY 2004 and FY 2005, the FY 2006 RC end strength reversed the downward trend of those years, and the lowest overall level of achievement was still greater than 95%.
- Good and Improving RC Recruiting. Similarly, FY 2006 RC recruiting attainment was less than 100% (97.2%), but it also reversed the downward recruiting attainment trends of the previous two years, and stands at 101% the first five months of this fiscal year.
- Very High RC Retention. The retention of Reserve forces is best measured through attrition. FY 2006 RC composite (officer + enlisted) attrition of 18.4% was at the lowest rate since FY 1991.

- Stable and Good Employer Relations. Department of Labor cases involving Reserve member claims of alleged mistreatment by civilian employers have increased from 724 in FY 2001 to 1,366 in FY 2006. However, when normalized to account for the usage rate of RC members, this does not represent an increase.
- RC Retention Intentions: Surveys of RC members reflect a stable level of retention intention, including those who have been mobilized and deployed.
- Good Spouse Support: Surveys of RC spouses reflect a stable level of support for spouse retention in the RC.

The new Secretary of Defense guidance of January 19, 2007 has also provided several tenets designed to reduce stress:

- RC mobilizations are now limited to a maximum of one year at any time.
- Predictability is enhanced by the “one year mobilized to five years demobilized ratio.”
- Hardship waiver programs are being strongly emphasized.
- The use of “Stop Loss” will be minimized.

These policy adjustments enhance the prudent and judicious use of our Reserve forces and provide significantly more predictability for members, their families, and employers. It gives a clear path toward operational requirements, optimizes participation, and seeks to balance member, family, and employer needs.

I hope these thoughts clarify the Department’s position and answer at least some of your concerns. I look forward to your questions.